

Hearing Date: October 4, 2017, 9:00 a.m.

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO

as representative of

THE COMMONWEALTH OF PUERTO RICO,

Debtor.¹

PROMESA

Title III

Case No. 17-BK-03283 (LTS)

**JOINDER OF FINANCIAL GUARANTY INSURANCE
COMPANY TO JOINT MOTION BY THE AD HOC GROUP OF GENERAL
OBLIGATION BONDHOLDERS, ASSURED GUARANTY CORP.,
ASSURED GUARANTY MUNICIPAL CORP., AND THE MUTUAL
FUND GROUP FOR ORDER AUTHORIZING RULE 2004 EXAMINATION**

[Dkt. # 1178]

Financial Guaranty Insurance Company (“**FGIC**”), by and through its attorneys Rexach & Picó, CSP and Butler Snow LLP, files this joinder (this “**Joinder**”) in support of the *Joint Motion by the Ad Hoc Group of General Obligation Bondholders, Assured Guaranty Corp., Assured Guaranty Municipal Corp., and the Mutual Fund Group for Order Authorizing Rule*

¹ The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); and (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686). (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

2004 Examination [Dkt. # 1178] (the “**Motion**”).² In support of this Joinder, FGIC respectfully states as follows:

1. FGIC provides financial guaranty insurance covering in excess of \$1.17 billion in principal amount of bonds outstanding and issued by the Commonwealth of Puerto Rico (the “**Commonwealth**”) and various Commonwealth instrumentalities. With respect to the Commonwealth Title III case, FGIC insures approximately \$282 million of outstanding general obligation bonds issued by the Commonwealth and bonds guaranteed by the Commonwealth (e.g. Public Building Authority bonds). In addition, FGIC insures bonds issued by the Puerto Rico Highways and Transportation Authority, the Puerto Rico Convention Center District Authority, and the Puerto Rico Infrastructure Financing Authority. Under relevant provisions of the applicable bond documents, bond insurance policies, and applicable law, payment by FGIC neither satisfies nor discharges an issuer’s obligation to pay and, to the extent FGIC makes such payments, it obtains assignments of rights from the bondholders, becomes owner of the bonds, and/or becomes subrogated to the rights of bondholders and effectively steps into the shoes of such bondholders.

2. As a monoline insurer with significant exposure in these Title III cases, FGIC is similarly situated to Assured Guaranty Corp. and Assured Guaranty Municipal Corp. (collectively, “**Assured**”), the Ad Hoc Group of General Obligation Bondholders (the “**GO Group**”) and the Mutual Fund Group (Assured, the GO Group and the Mutual Fund Group, collectively, the “**Movants**”). FGIC likewise seeks from the Oversight Board, AAFAF, the Commonwealth and other third parties information necessary for FGIC and its advisors to assess and understand the Commonwealth’s financial condition and the Fiscal Plan. Without this

² Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to such terms as in the Motion.

information, FGIC cannot adequately evaluate whether any proposed consensual settlement (including under any proposed plan of adjustment) represents a fair resolution of its claims or any proposed plan of adjustment is confirmable under the requirements of PROMESA.

3. Rather than propounding substantially identical discovery as the Movants, FGIC files this Joinder in support of the Motion and to receive any and all information produced by the Oversight Board, AAFAF, the Commonwealth and other third parties pursuant to any order granting the Motion and authorize FGIC to participate in any related examinations or other proceedings. This Joinder will also minimize any burden on the Commonwealth and the Oversight Board as those parties need only provide FGIC with duplicate information provided to the Movants.

4. Accordingly, FGIC respectfully requests that the Court grant the Motion and require the Oversight Board, AAFAF, the Commonwealth and other third parties to provide FGIC with any information produced to the Movants pursuant to any order granting the Motion and to participate in any related examinations or other proceedings.

Dated: September 19, 2017

Respectfully submitted,

REXACH & PICÓ, CSP

By: María E. Picó

María E. Picó
USDC-PR 123214
802 Ave. Fernández Juncos
San Juan PR 00907-4315
Telephone: (787) 723-8520
Facsimile: (787) 724-7844
E-mail: mpico@rexachpico.com

BUTLER SNOW LLP

By: Martin A. Sosland

Martin A. Sosland (*pro hac vice*)
5430 LBJ Freeway, Suite 1200
Dallas, TX 75240
Telephone: (469) 680-5502
Facsimile: (469) 680-5501
E-mail: martin.sosland@butlersnow.com

Stanford G. Ladner (*pro hac vice*)
1700 Broadway, 41st Floor
New York, NY 10019
Telephone: (646) 606-3996
Facsimile: (646) 606-3995
E-mail: stan.ladner@butlersnow.com

Christopher R. Maddux (*pro hac vice*)
J. Mitchell Carrington (*pro hac vice*)
1020 Highland Colony Parkway, Suite 1400
Ridgeland, MS 39157
Telephone: (601) 985-2200
Facsimile: (601) 985-4500
E-mail: chris.maddux@butlersnow.com
mitch.carrington@butlersnow.com

Jason W. Callen (*pro hac vice*)
150 3rd Avenue, South, Suite 1600
Nashville, TN 37201
Telephone: (615) 651-6774
Facsimile: (615) 651-6701
E-mail: jason.callen@butlersnow.com

*Attorneys for Financial Guaranty Insurance
Company*